



The City of Lynchburg, Virginia

CITY HALL, LYNCHBURG, VIRGINIA 24505 • (434) 455-3995
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OFFICE OF THE MAYOR

July 1, 2004

Dear Citizens of Lynchburg:

City Council adopted the *FY 2005 Operating Budget* and *FY 2005-2010 Capital Improvement Program* on June 8, 2004.

This budget was adopted following an unprecedented number of work sessions and a public hearing that focused only on the financial program for the City for the July 1, 2004 to June 30, 2005 fiscal year. The lengthy State budget process both slowed and complicated the City's budget deliberations.

Adjustments to the FY 2005 General Fund are as follows:

	<u>Proposed Operating Budget</u>	<u>Adjustments</u>	<u>Revised Budget</u>
Revenues and Use of Fund Balance	\$128,107,461		\$128,707,666
Adjustments to Proposed Budget Projections		2,215,095	
HB 599 Adjustment		236,356	
Changes in Funding for Constitutionals		56,378	
State Recordation Tax Adjustment		12,412	
Amusement Tax Adjustment		(168,000)	
Business Personal Property Tax Adjustment		585,000	
15 cent Reduction		(135,000)	
Personal Property Tax Adjustment		(143,170)	
15 cent Reduction		(429,000)	
Meals Tax Adjustment		(626,720)	
Real Estate Tax Adjustment		(1,262,000)	
3 cent Reduction		(946,500)	
Business License Tax Adjustment		24,521	
Total Revenues and Use of Fund Balance	\$128,107,461	(\$580,628)	\$127,526,833
Expenditures			
Operations	\$83,257,140	\$426,367	\$83,683,507
2% Salary Adjustment		\$918,492	
Adjustment for Commissioner of Revenue salaries		\$24,521	
Restoration of Group Life Holiday		(\$298,000)	
Restore Council Salary Increase		\$27,508	
Public Safety Employee Compensation		\$236,356	
Debt Service	10,972,765	0	10,972,765
Schools-Operations	31,000,721	(1,973,428)	29,027,293
Economic Development Reserve	200,000	0	200,000
Reserve for Snow Removal, Streets and Bridges	250,000	0	250,000
Reserve for Contingencies	800,000	0	800,000
Capital Improvements	1,626,835	0	1,626,835
Total Expenditures	\$128,107,461	(\$638,184)	\$127,469,277
Balance		\$57,556	
Increase in Fund Balance		(57,556)	
Final Balance		\$0	

General Fund Revenue Adjustments

General Fund revenues were reduced from \$128.1 million to \$127.5 million or \$.580 during budget deliberations.

The **Adjustments to Proposed Budget Projections** is the result of the City receiving additional funds from the State primarily for School operations.

The **HB 599 Adjustment** is due to additional State funding. These funds must be dedicated to public safety and can not supplant existing funds.

Changes in funding for Constitutionals and the **State Recordation Tax Adjustment** are based on final State budget action.

The **Business Personal Property Tax, Personal Property Tax, Meals Tax and Real Estate Tax, and Business License Tax Adjustments** were based on the receipt of additional State revenue and revised revenue projections.

General Fund Expenditures

Expenditures were reduced from \$128.1 million to \$127.5 million or \$.6 million during budget deliberations with a slight increase to the City's fund balance.

Various adjustments were made to **Operations**. Highlights of these adjustments can be found in the attached City Council report.

City Council approved **Salary Adjustments** for City employees in the amount of \$943,013 (\$918,492 for City employees and \$24,521 for Commissioner of Revenue employees).

Expenditures in the amount of \$298,000 were reduced due to the State continuing the **Group Life Insurance Holiday** for employees in the Virginia Retirement System.

City Council **Restored a Salary Increase** for Council members that are in office effective July 1, 2004.

Funds were appropriated for **Public Safety Compensation** in the amount of \$236,356 based on additional designated funding from the State.

Funding for **Schools Operations** were increased \$1,973,428 due to additional funding from the State.

Other Funds

Other funds have been adjusted to incorporate the 2% compensation adjustment for employees in those funds. Additional adjustments to Other Funds are detailed in the City Council report following this message.

FY 2004 Capital Improvement Program

No adjustments were made to the FY 2005 Capital Improvement Program.

In closing, I want to thank City Council and staff for their countless hours of dedication to public service and particularly this budget process. I know that none of us could have anticipated such a prolonged process. I am grateful to you for your diligence and your spirit of cooperation in the midst of our most challenging budget in recent history. I have no doubt that our spirit of debate, consensus-building, and decision making will carry us well through fiscal year 2005 as we continue to make our City a great place to live, work, visit and play.

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Carl B. Hutcherson". The signature is written in a cursive, flowing style with a large, stylized "H" and "C".

Carl B. Hutcherson
Mayor

Attachment: City Council Report: Adoption and Appropriation of the FY 2005 Operating and Capital Budgets, Adoption of the FY 2005-2010 Capital Improvement Program, and Amendments to the Code Sections relating generally to Ambulance Rates, Motor Vehicle License Fees, Tangible Personal Property, Real Estate, Meals and Amusement Tax Rates.